

**FIRST LEGISLATIVE DAY
MONDAY, JANUARY 9, 2006**

House of Representatives

The House convened at 12 noon, January 9, 2006, the time established for the convening of the Second Regular Session of the Fifty-eighth Legislature, the members of the House of Representatives convened in the House Chamber of the Capitol Building in the City of Boise, with Bruce Newcomb, Speaker, presiding.

Roll call showed 69 members present.
Absent and excused – Schaefer. Total – 1.
Total – 70.

Prayer was offered by Chaplain Jim Hardenbrook.

The Pledge of Allegiance was led by Katrina Smith, Page.

There being no objection, the House advanced to the Fourth Order of Business.

**Consideration of Messages from the
Governor and the Senate**

THE OFFICE OF THE GOVERNOR
EXECUTIVE DEPARTMENT
BOISE, IDAHO

CERTIFICATE OF APPOINTMENT

KNOW ALL MEN, by these Presents that pursuant to the provisions of Section 59-904A, Idaho Code, the Legislative District 23 Committee of the Republican Party has submitted a list of three names for consideration in filling a vacancy in the District 23 Legislative House of Representatives seat.

NOW, THEREFORE, I, DIRK A. KEMPTHORNE, Governor of the State of Idaho, by virtue of the authority vested in me by Section 59-904A, Idaho Code, do hereby appoint Noy Elbert Brackett, III, to the position of State Representative, District 23, House Seat B, for a term commencing on November 22, 2005, and continuing until the next general election when the term of office expires.

IN TESTIMONY WHEREOF, I have hereunto set my hand and caused to be affixed the Great Seal of the State of Idaho. Done at Boise, the Capital of Idaho, this 22nd day of November in the year of our Lord, two thousand and five, and of the Independence of the United States of America, the two hundred and thirtieth year.

/s/ DIRK A. KEMPTHORNE
Governor
/s/ BEN YSURSA
Secretary of State

The Certificate of Appointment was ordered filed in the office of the Chief Clerk.

The Speaker announced the oath of office had previously been administered to Mr. Brackett.

The Chief Clerk read the official proclamation as follows:

I, BEN YSURSA, Secretary of State of the State of Idaho and legal custodian of the records of elections held in the State of Idaho, do hereby certify that the following is a full, true and complete list of those elected to serve as members of the House of Representatives of the Second Regular Session of the Fifty-eighth Legislature, as shown by official records on file in my office:

DISTRICT	NAME
1	Eric Anderson (R), George E. Eskridge (R)
2	R.J. "Dick" Harwood (R), Mary Lou Shepherd, (D)
3	James W. Clark (R), Phil Hart (R)
4	Marge Chadderdon (R), George Sayler (D)
5	Bob Nonini (R), Frank N. Henderson (R)
6	Tom Trail (R), Shirley G. Ringo (D)
7	Mike Mitchell (D), John Rusche (D)
8	Ken A. Roberts (R), Paul E. Shepherd (R)
9	Lawrence E. Denney (R), Clete Edmunson (R)
10	Robert "Bob" Ring (R), Darrell Bolz (R)
11	Kathy Skippen (R), Carlos Bilbao (R)
12	Robert E. Schaefer (R), Gary E. Collins (R)
13	Dolores J. Crow (R), W.W. "Bill" Deal (R)
14	Mike Moyle (R), Stan Bastian (R)
15	Steve Smylie (R), Max C. Black (R)
16	Margaret Henbest (D), Jana M. Kemp (R)
17	Kathy Garrett (R), Janet J. Miller (R)
18	Debbie Field (R), Julie Ellsworth (R)
19	Anne Pasley-Stuart (D), Nicole LeFavour (D)
20	Mark A. Snodgrass (R), Shirley McKague (R)
21	William T. "Bill" Sali (R), Clifford R. "Cliff" Bayer (R)
22	Richard Wills (R), Pete Nielsen (R)
23	Frances Field (R), Noy Elbert Brackett, III (R)
24	Leon E. Smith (R), Sharon Block (R)
25	Wendy Jaquet (D), Donna Pence (D)
26	John A. "Bert" Stevenson (R), Maxine T. Bell (R)
27	Scott Bedke (R), Bruce Newcomb (R)
28	Dennis M. Lake (R), Joseph S. Cannon (R)
29	Ken Andrus (R), Elmer Martinez (D)
30	Donna Boe (D), Elaine Smith (D)
31	Larry Bradford (R), Tom Loertscher (R)
32	Janice McGeachin (R), Ann Rydalch (R)
33	Jack Barraclough (R), Russ Mathews (R)
34	Mack G. Shirley (R), Dell Raybould (R)
35	JoAn E. Wood (R), Lenore Hardy Barrett (R)

IN TESTIMONY WHEREOF, I have hereunto set my hand and affixed the Great Seal of the State of Idaho. Done at Boise, the Capital of Idaho, this Nineteenth day of December, in the year of our Lord, two thousand and five, and of the Independence of the United States of America, the two hundred and thirtieth.

/s/ BEN YSURSA
Secretary of State

The Certificate of Election was ordered filed in the office of the Chief Clerk.

There being no objection, the House advanced to the Seventh Order of Business.

Motions, Memorials, and Resolutions

HOUSE CONCURRENT RESOLUTION NO. 30 BY DENNEY AND JAQUET

A CONCURRENT RESOLUTION

PROVIDING FOR A JOINT SESSION OF THE HOUSE OF REPRESENTATIVES AND THE SENATE OF THE SECOND REGULAR SESSION OF THE FIFTY-EIGHTH IDAHO LEGISLATURE FOR THE PURPOSE OF HEARING A MESSAGE FROM THE GOVERNOR.

Be It Resolved by the Legislature of the State of Idaho:

WHEREAS, the Governor has informed the House of Representatives and the Senate that he desires to deliver a message to a Joint Session of the House of Representatives and the Senate of the Second Regular Session of the Fifty-eighth Idaho Legislature in the Chamber of the House of Representatives at 7 p.m. on Monday, January 9, 2006.

NOW, THEREFORE, BE IT RESOLVED by the members of the Second Regular Session of the Fifty-eighth Idaho Legislature, the House of Representatives and the Senate concurring therein, that the House of Representatives and the Senate meet in Joint Session on Monday, January 9, 2006, at 7 p.m. for the purpose of hearing the message from the Governor.

HOUSE RESOLUTION NO. 2 BY DENNEY AND JAQUET

A HOUSE RESOLUTION

FIXING THE COMPENSATION OF THE EMPLOYEES OF THE HOUSE OF REPRESENTATIVES OF THE SECOND REGULAR SESSION OF THE FIFTY-EIGHTH IDAHO LEGISLATURE.

Be It Resolved by the House of Representatives of the State of Idaho:

WHEREAS, House Rule 74 provides that the compensation of the employees of the House of Representatives shall be fixed by resolution of the House of Representatives.

NOW, THEREFORE, BE IT RESOLVED by the members of the House of Representatives that the compensation of the various officers and employees of the House of Representatives of the Second Regular Session of the Fifty-eighth Idaho Legislature be fixed as follows:

Assistant Chief Clerk	\$14.80 hourly
Docket Clerk	\$13.44 hourly
Journal Clerk	\$13.44 hourly
Chaplain	\$18.50 hourly
Sergeant at Arms	\$14.80 hourly
Assistant Sergeants at Arms	\$11.24 hourly

Administrative Assistant to Majority Leadership ..	\$13.44 hourly
Administrative Assistant to Minority Leadership ..	\$13.44 hourly
Secretaries to Minority Leadership	\$11.24 hourly
Secretary to Agricultural Affairs Committee	\$11.24 hourly
Secretary to Appropriations Committee	\$12.38 hourly
Secretary to Business Committee	\$11.24 hourly
Secretary to Commerce and Human Resources Committee	\$11.24 hourly
Secretary to Education Committee	\$12.38 hourly
Secretary to Environment, Energy, and Technology Committee	\$11.24 hourly
Secretary to Health and Welfare Committee	\$11.24 hourly
Secretary to Judiciary, Rules, and Administration Committee	\$12.38 hourly
Secretary to Local Government Committee	\$11.24 hourly
Secretary to Resources and Conservation Committee	\$11.24 hourly
Secretary to Revenue and Taxation Committee	\$12.38 hourly
Assistant Secretary to Revenue and Taxation Committee	\$11.24 hourly
Secretary to State Affairs Committee	\$12.38 hourly
Secretary to Transportation and Defense Committee	\$11.24 hourly
Secretaries/Receptionists	\$11.24 hourly
Copy Machine Operators	\$11.00 hourly
Chief Lounge Host	\$11.00 hourly
Assistant Lounge Host	\$10.28 hourly
Legislative Public Information Center Director	\$14.80 hourly
Information Specialist	\$11.24 hourly
Telephone Operators	\$11.00 hourly
Tour Guides	\$11.00 hourly
Pages	\$6.00 hourly

HCR 30 and **HR 2** were introduced, read the first time by title, and referred to the Judiciary, Rules, and Administration Committee for printing.

Mr. Denney asked unanimous consent that two committees be appointed by the Speaker; one to notify the Governor, and one to notify the Senate that the House is organized and ready to do business. There being no objection, it was so ordered.

The Speaker appointed the following committees to notify the Governor and the Senate.

Representatives Bell, Deal, and Mitchell were appointed as the committee to notify the Governor and Representatives Clark, Barrett, and Pasley-Stuart were appointed as the committee to notify the Senate. The committees were excused.

There being no objection, the House returned to the Fifth Order of Business.

Report of Standing Committees

January 9, 2006

Mr. Speaker:

We, your COMMITTEE ON JUDICIARY, RULES, AND

ADMINISTRATION report that we have printed **HCR 30**.
FIELD(18), Chairman

HCR 30 was held at the Desk.

There being no objection, the House advanced to the Seventh Order of Business.

Motions, Memorials, and Resolutions

Mr. Denney moved that all rules of the House interfering with the immediate consideration of **HCR 30** be suspended; that the portions of Section 15, Article 3 of the Constitution of the State of Idaho, requiring all bills to be read on three several days be dispensed with, this being a case of urgency; and that **HCR 30** be read the first time by title, second time by title, and third time at length, and placed before the House for final consideration. Seconded by Ms. Jaquet.

The question being, "Shall the rules be suspended?"

Roll call resulted as follows:

AYES -- Anderson, Andrus, Barraclough, Bastian, Bayer, Bedke, Bilbao, Black, Block, Boe, Bolz, Brackett, Bradford, Cannon, Chadderdon, Collins, Crow, Denney, Edmunson, Ellsworth, Eskridge, Field(18), Field(23), Garrett, Hart, Harwood, Henbest, Henderson, Jaquet, Kemp, Lake, LeFavour, Loertscher, Martinez, Mathews, McGeachin, McKague, Miller, Moyle, Nielsen, Nonini, Pence, Raybould, Ring, Ringo, Roberts, Rusche, Rydalch, Sali, Sayler, Shepherd(2), Shepherd(8), Shirley, Skippen, Smith(30), Smith(24), Smylie, Snodgrass, Stevenson, Trail, Wills, Wood, Mr. Speaker. Total - 63.

NAYS -- None.

Absent and excused -- Barrett, Bell, Clark, Deal, Mitchell, Pasley-Stuart, Schaefer. Total -- 7.

Total -- 70.

Whereupon the Speaker declared that more than two-thirds of the membership having voted in the affirmative, the motion carried, the rules were suspended, and **HCR 30** was read the first time by title, second time by title, and third time at length, and placed before the House for final consideration.

At this time, the Speaker recognized Mr. Denney to open debate.

The question being, "Shall **HCR 30** be adopted?"

Roll call resulted as follows:

AYES -- Anderson, Andrus, Barraclough, Bastian, Bayer, Bedke, Bilbao, Black, Block, Boe, Bolz, Brackett, Bradford, Cannon, Chadderdon, Collins, Crow, Denney, Edmunson, Ellsworth, Eskridge, Field(18), Field(23), Garrett, Hart, Harwood, Henbest, Henderson, Jaquet, Kemp, Lake, LeFavour, Loertscher, Martinez, Mathews, McGeachin, McKague, Miller, Moyle, Nielsen, Nonini, Pence, Raybould, Ring, Ringo, Roberts, Rusche, Rydalch, Sali, Sayler, Shepherd(2), Shepherd(8), Shirley, Skippen, Smith(30), Smith(24), Smylie,

Snodgrass, Stevenson, Trail, Wills, Wood, Mr. Speaker. Total -- 63.

NAYS -- None.

Absent and excused -- Barrett, Bell, Clark, Deal, Mitchell, Pasley-Stuart, Schaefer. Total -- 7.

Total -- 70.

Whereupon the Speaker declared **HCR 30** adopted and ordered the resolution transmitted to the Senate.

There being no objection, the House advanced to the Thirteenth Order of Business.

Miscellaneous and Unfinished Business

The following committee assignments were made:

Lincoln Day Committee

Representative Kemp, Chairman
Representative Bilbao
Representative Pence

Memorial Committee

Representative Nonini, Chairman
Representative Andrus
Representative Rusche

Representative Field(23) will serve as Chairman of the Agricultural Affairs Committee and Representative Bolz will serve as Vice Chairman of the Appropriations Committee. Representative Henderson will move from the Education Committee to the Joint Finance and Appropriations Committee. Representative Bilbao will serve on the State Affairs Committee and Representative Brackett will serve on the Education Committee, Resources and Conservation Committee, and the Agricultural Affairs Committee.

AGRICULTURAL AFFAIRS (10)

Field(23), Chairman
Trail, Vice Chairman

Lake
Stevenson
Bolz
Shirley
Andrus
Brackett

Jaquet
Pence

APPROPRIATIONS (10)

Bell, Chairman
Bolz, Vice Chairman

Eskridge
Harwood
Bedke

Henbest
Ringo

Skippen
Bayer
Henderson

Bilbao

There being no objection, the House returned to the Seventh Order of Business.

EDUCATION (18)

Barraclough, Chairman
Rydalch, Vice Chairman

Trail
Bradford
Block
Cannon
Nielsen
Shirley
Wills
Chadderdon
Kemp
Mathews
Nonini
Shepherd(8)
Brackett

Boe
Mitchell
Pence

Motions, Memorials, and Resolutions

The committee appointed to notify the Governor that the House was in session returned to the House and reported they had conveyed the message to the Governor and that the Governor sent his greetings and best wishes for a productive session. The committee was thanked and discharged by the Speaker.

The committee appointed to notify the Senate that the House was in session returned to the House and reported that they had conveyed the message to the Senate, and the Senate returned its best wishes for a productive session. The committee was thanked and discharged by the Speaker.

At this time, Senators acting as a committee from the Senate, were escorted into the House Chamber to notify the House of Representatives that the Senate was organized and ready for business. The Speaker thanked the committee.

Mr. Denney moved that the House recess until 6:30 p.m. Seconded by Ms. Jaquet. Motion carried.

Whereupon the Speaker declared the House at recess until 6:30 p.m.

RECESS

The House reconvened at 6:30 p.m., the Speaker in the Chair.

Roll call showed all 70 members present.

Prior to recess, the House was at the Seventh Order of Business.

Motions, Memorials, and Resolutions

Mr. Denney asked unanimous consent that a committee be appointed to wait upon the Senate and escort the Senators to the House Chamber for the purpose of attending the Joint Session. There being no objection, it was so ordered.

The Speaker appointed Representatives Black, Edmunson, and Henbest as the committee to wait upon the Senate. The committee was excused.

The committee appointed to wait upon the Senate returned and reported that the Senate was waiting to enter the House Chambers. The Speaker thanked and discharged the committee.

JOINT SESSION

Pursuant to **HCR 30**, the hour of 7 p.m. having arrived, the members of the Senate entered the House Chamber and met in

RESOURCES AND CONSERVATION (18)

Stevenson, Chairman
Wood, Vice Chairman

Field(23)
Bell
Barraclough
Denney
Barrett
Moyle
Eskridge
Raybould
Roberts
Bedke
Andrus
Shepherd(8)
Brackett

Sayler
Jaquet
Mitchell

STATE AFFAIRS (18)

Deal, Chairman
Smylie, Vice Chairman

Stevenson
Ellsworth
Black
Edmunson
Miller
Ring
Snodgrass
Garrett
Loertscher
Anderson
Andrus
Hart

Shepherd(2)
Smith(30)
Pasley-Stuart

Joint Session with Speaker Newcomb presiding.

Roll call of the House showed all 70 members present.

Roll call of the Senate showed 32 members present.

Absent and excused -- Corder, Goedde, Richardson.

Total -- 3.

Total -- 35.

Mr. Denney asked unanimous consent that one committee be appointed to wait upon the Supreme Court Justices and Appellate Court Judges and one to wait upon the Elected Officials and escort them to the House Chamber. There being no objection, it was so ordered.

The Speaker appointed Senators Darrington and Burkett, and Representatives Field(18) and Boe as the committee to wait upon the Supreme Court Justices and Appellate Court Judges and Senators Cameron and Kelly, and Representatives Miller and Martinez as the committee to wait upon the Elected Officials and escort them to the House Chamber. The committees were excused.

Mr. Denney asked unanimous consent that the Speaker appoint a committee to wait upon the Governor and escort him to the House Chamber. There being no objection, it was so ordered.

The Speaker appointed Senators Davis and Stennett and Representatives Denney and Jaquet as the committee to wait upon the Governor and escort him to the House Chamber. The committee was excused.

The committee appointed by the Speaker escorted the Supreme Court Justices and the Appellate Court Judges to the House Chamber where they were presented to the Joint Session.

The committee appointed by the Speaker escorted the Elected Officials to the House Chamber where they were presented to the Joint Session.

The committee appointed by the Speaker escorted the Governor to the House Chamber.

His Excellency, the Governor of the State of Idaho, Dirk Kempthorne, was introduced by the Speaker and the following State of the State Message and Budget Address was delivered by Governor Kempthorne.

Mr. Speaker, Mr. President, distinguished members of the Legislature, Mr. Chief Justice and distinguished members of the Judiciary, fellow Constitutional Officers, my fellow Idahoans.

It is an honor to be here once again, to speak to you about the state of our state. In this historic building we once again come to do the people's work. When we walk into these hallowed halls, we leave our personal matters behind to work for the greater good. It is part of the miracle of our American democracy.

We build upon the work of the generations who came before us, but we also lay the foundations for future generations of Idahoans. Our work is guided by the values our citizens cherish; strong and healthy families, safe and vibrant communities, and responsible stewardship of Idaho's rugged and pristine outdoors. There is no place in the world like Idaho.

Now for the task before us. Part of our work is to continue to govern, to debate public policy, to balance the budget, and to maintain the services on which our people depend. But we also have many opportunities to do extraordinary things for our citizens, to invest in Idaho's future, to do things that may only happen once in a generation, but which will benefit many generations.

This year, we will add another chapter to the story of Idaho. We did not pen the first page, nor will we write the last, but our contributions will be lasting. Over the past few years, we have led in times of surplus and in times of sacrifice, in times of peace and in times of war.

When I took office seven years ago, no one could have predicted what would happen over the course of a few short years. But I said then that Idaho would be a leader among the fifty states. When state economies plunged into the worst recession since World War II, with the rest of the nation, we went from record surpluses to historic shortfalls. But again, I said that Idaho would lead the way out of the recession and we have.

When the rains from the economic storm came down, we built our budget upon the rock of fiscal conservatism, with an eye for the future. Together, we carried out a plan to get us through the tough times. Because of our choices, I'm proud to say that the State of our State is stronger than ever:

1. 25,000 new businesses filed with the Secretary of State
2. 23,000 new jobs
3. Business and job growth ahead of 46 other states
4. Unemployment at an unprecedented 3.4% - the first time in Idaho history

No matter how you measure it, Idaho is thriving.

Some pundits and even some economists may be stunned by our remarkable recovery, but I'm not surprised. This is no accident. We made the right decisions over the past several years and as a result, our budget is balanced, our economy is full steam ahead, and the structural imbalance plaguing us is no more.

Tonight, I submit to you a budget that is responsible, sensible, and doable. For Fiscal Year 2007, I am proposing a \$2.309 billion general fund budget. It meets the critical needs of education, health care, and public safety and it keeps general fund expenditures to a mere 5.9% growth.

We began this fiscal year with a starting balance of \$214 million and revenues remain above target. Despite the growth in state revenues, we will continue to control the growth of state

government. We must not overextend the taxpayer's money.

Even though the economy has been very strong, home budgets are as tight as ever because of rising energy costs. Here's what one of our newspapers said: "HIGH COST OF HEAT LEAVES VALLEY RESIDENTS COLD." If the headline isn't compelling enough, then listen to what citizens across the state have told me. My office received a call from a mother who spent one-fourth of her monthly budget on utility bills. I received an email from a family of eight, who had their power turned off right before Christmas. A single mother wrote about having to dress her three-year old in two sweaters and wrap her eight month-old in extra blankets just to fend off the cold.

My budget includes more than \$63 million in one-time energy assistance to help Idahoans with their rising energy costs. Every Idaho resident who filed a 2004 Individual Tax Return or the grocery tax credit will receive a check, \$50 for each man, woman, and child who qualifies. That family of eight will receive \$400.

We are all feeling the impacts. For many families this is an emergency, and so I'm asking you to make this measure effective immediately. As soon as you approve the legislation, I'll sign it and within 14 days the first checks will be on their way.

In addition to this one-time energy assistance, I am proposing that we transfer \$67 million to the Budget Stabilization Account. This is a prudent course of action for our state budget and it gives us a healthy reserve of over \$105 million, the largest in Idaho history.

One of the reasons that we did not have to make drastic cuts to vital programs in the recent recession was because of the dedicated work of our state employees. There are countless examples of state employees taking on more responsibilities and doing more with less to serve their fellow citizens. Because we often leave to the last the question of salary increases for state employees, I think it's time to demonstrate their value to us by making it the first item we address. Therefore, I'm recommending a 3% salary increase and rather than wait until July 1st, I'd like to make it effective at the end of this month.

There are also special needs among correctional officers, parole officers, and the Idaho State Police. Many of these men and women work in environments that put them at great personal risk. I'm asking for additional money for these classifications. Send me this legislation so our employees can see the increase in their checks by the end of February.

Also at the top of my agenda is the major Medicaid reform that I first announced in November. Medicaid is among the fastest growing parts of the state budget. To cure the systemic problems and to reign in the escalating costs, we must do more to modernize the system. Unless we do something, we'll be forcing the care of our grandparents to be in direct conflict with the education of their grandchildren.

We must be proactive in our approach, focusing on results

instead of rules, outcomes instead of regulations. My common sense plan will simplify the system, reduce costs, and turn our attention to prevention, wellness, and personal responsibility. We'll begin by redesigning Medicaid into three distinct programs, one for low-income children, another for individuals with disabilities or special health needs, and a third for the elderly. Each program will be tailored to meet the needs of each population. I believe that by working together with a little common sense, innovation, and Idaho ingenuity, we'll be the model for national Medicaid reform.

Through all of the budget cuts of the past years, we have kept education off the chopping block. Now, we're in a position to make additional investments in our public schools. For fiscal year 2007, my budget recognizes the importance of our public schools with a first-ever appropriation of over \$1 billion - \$1.035 billion to be exact. This historic investment represents a 4.89% increase over last year's appropriation.

Improving education is not merely a factor of funding. We have already improved our public schools by focusing on reading, math, and science. Now, I'm proposing another common sense reform. High school curriculum must reflect what business is demanding, even more math and science. Two years of instruction in these core areas is not enough to prepare our young people for the workforce.

The State Board of Education has recommended requiring four years of math and three years of science for graduation from Idaho high schools. This will keep our students competitive with those in other states and other countries, and it will bring our minimum high school standards in line with our own state college entrance requirements. My budget includes the funds requested to implement high school reform. We live in a 21st century economy. We need a 21st century education.

Another area of our school curriculum that is in need of reform is physical education. In a world where fast food and a sedentary lifestyle are becoming the norm, it's imperative that we give our children opportunities to develop lifelong habits of physical fitness. Unfortunately, video games have replaced sports as the normal after school activity for our youth. Why would a 12 year-old want to play catch with his neighbor when he can throw a touchdown pass to an NFL all-star to win the Super Bowl, all without leaving the comfort of his couch? Some studies point to the tragic reality that if this trend continues, today's generation of children will have a shorter life expectancy than we do. We must not allow this trend to continue. It's time to revitalize and strengthen physical education around the state. You'll find a healthy investment in my budget to do just that.

We can raise the standards, but there is no replacement for a good teacher. From physical science to physical education and music to math, our teachers are on the front lines of preparing our children for the future. Idaho has some of the best, most dedicated teachers in the country. Every day, they enter the classroom to teach, inspire, and encourage our children. To all of our hard working teachers, we say thank you.

My budget includes a \$27 million increase for teacher salaries. As a part of this investment, I want to increase the starting wage for this noble profession. Two years ago we raised the starting teacher salary to \$27,500. This year, my budget includes ongoing money to increase it once again to \$30,000. When you approve this measure, we can all be proud that in the last few years, we will have raised starting teacher salaries by 20%.

Just a few weeks ago, the Idaho Supreme Court ruled on the constitutionality of our historical mechanism for funding local school construction and maintenance. In their view, reliance on the traditional school bond election process has not produced the guarantees required by our constitution.

We have already taken some important steps to encourage school districts to pass school bonds and build new schools. We implemented a plan to pay a portion of the interest on new school bonds. We have already partnered with 24 local school districts to build or improve schools across the state. My budget includes \$4.5 million to continue this commitment, which is projected to grow to more than \$22 million annually by the year 2025. Many of the districts with the greatest facility needs now have new schools thanks to this partnership with the state. Many more will benefit and we're committed to the process.

Despite our progress, the Court expects more. Fortunately, they have recognized that this is a problem best solved by the political process. One of the options the Court gave us to consider is what I proposed seven years ago: lowering the supermajority for school bond elections. I support lowering the supermajority to 60% if school districts hold their bond elections concurrent with the primary or general election. This is a constitutional matter and it will require a constitutional amendment. So it's time to put this question before the citizens of the state of Idaho by placing it on the ballot.

In higher education, we have also made investments that will benefit generations of future students. My budget for colleges and universities provides a 4.8% increase over the current fiscal year, and includes full funding for salaries, inflation, and increased enrollment. Just as with other state employees, the salary increases for faculty and staff will be effective at the end of this month.

Our faculty and staff are part of the reason that our colleges and universities are among the best in the country. But the stark reality is that Idaho ranks low compared to the rest of the nation in the percentage of high school graduates who go directly to college. Why? Part of that may be accessibility, part may be affordability.

For too long we have asked our universities to be all things to all people, but the simple truth is that a university is a university. It is not a community college. It is not a professional-technical school.

I'm presenting a plan that will make community college classes accessible and affordable to more Idahoans. I propose

investing \$5 million to begin the process of creating a new statewide community college network. My proposal does not call for any new investments in brick and mortar. The community college of the 21st century, with all of our technological assets and existing infrastructure, does not require a brick and mortar approach. Instead, this initiative utilizes existing facilities and resources around the state, including public schools, private businesses, and government buildings to meet community needs. Under my plan, instead of having to travel to a college campus miles away, students might expect to attend classes at the local high school, a corporate conference room, a room in city hall, or a county courthouse.

We have some great models to follow in North Idaho College and the College of Southern Idaho. These community colleges have already begun to expand their services to rural communities in the Mini-Cassia area and the Silver Valley, among many others. These true community college programs will grow as enrollment grows. In this way, these programs will be self-sustaining and life sustaining for individuals who want better jobs, a better education, and a better quality of life.

I have spoken with our college and university presidents, school superintendents, and business leaders who recognize the urgent need and have pledged their support for my "Idaho College" initiative. Let's take the next step to make college classrooms available in every part of the state.

Investing in education is the best way we can give our citizens the hope of a bright future. Unfortunately, too many of our young people are getting their education on the streets and end up in prison. Last year, I created the Criminal Justice Commission, including members of all three branches of government, law enforcement, and other community partners. They have undertaken an extensive review of the most significant criminal problems facing Idaho. They have worked tirelessly and I've taken their recommendations to heart.

On the top of that list, we're going to make our already tough sex offender laws even tougher. First, I propose doubling the maximum sentences for the most severe sex crimes. Let's give judges greater authority to keep these predators off the streets and behind bars.

For those sex offenders who serve their time, we currently require that they register once a year with the state. That's not good enough, especially for violent sexual predators. That gives them a one-year head start if they ever decide to move or re-offend. I propose increasing the frequency of registration for violent sex offenders from once a year to quarterly. I also propose requiring these violent predators to verify their address with the State Police every month. When a sex offender moves to Idaho intending to stay here, they'll have 48 hours to notify the authorities of their presence. For those who hide from the law or fail to register, we're also going to double the maximum sentence. I have a message for sex offenders, you can live by our rules or you'll live behind bars.

Another serious problem is gang activity. As the population

grows, gangs will only get worse, unless we act. Idaho currently has no laws against gangs, but we must eradicate this social epidemic before it infects every community.

When I talk about gangs, I want to dispel the image of the unsophisticated street thug. This is organized crime. They run like a business, but their business is no good.

Gang members can be as young as 10 or well into their 50's. In some cases gang membership is a family tradition with third generation gang members. But this is one family tradition that we won't pass on in Idaho.

This session, I will send you legislation to criminalize gang activity. We will make gang recruitment illegal. We will enhance the penalties for gang members who commit crimes. We will make it a felony to supply firearms to a criminal gang. With this anti-gang legislation, we're sending a clear message: Gangs are not welcome in Idaho.

This year, we will also take another step in our continuing fight against methamphetamine. Thanks to our anti-meth initiative, we have shut down more than 760 labs in seven years; on average, we've taken out two labs every week since I took office. We've been tough on meth and the word is out. We must make it harder than ever to peddle this poison in Idaho.

It's time to require that pseudoephedrine, the key ingredient in meth, be kept behind the counter. We are one of the only states that doesn't safeguard it. Some Idaho counties and cities already impose requirements on vendors. Some vendors safeguard pseudoephedrine voluntarily. But we need uniformity and predictability across the state. It's time we make this simple fix.

Being tough on crime is good for our communities and it's good for our state. One of the reasons that Idaho is the third fastest growing state is because of our low crime rate. Idaho is a safe place to raise a family, because we don't tolerate those who prey on others, we put them in prison. But this means our prison population will continue to grow.

In spite of our best efforts to control the growth of our prison population, we have reached a point where we need more room in order to keep our communities safe. I'm recommending \$16 million for the addition of 300 beds at the privately run prison. With county jails full and some Idaho inmates already housed out-of-state, the choices are slim, start releasing inmates or make room for more. In Idaho, if you do the crime, you do the time.

But while we lock people up, we don't always throw away the key. In our prisons, a tragic 85% of offenders have a substance abuse problem. However, addicts can recover with proper treatment. Last year I announced that Idaho received a \$22.8 million grant to create a system to help more addicts get access to treatment. Since we obtained the grant, we have helped over 5,000 people receive recovery support services and treatment.

In our prisons, because many of our inmates can and will be

released after serving their time, we must continue to focus on rehabilitation. We have seen the success of drug treatment programs in our prison system. This year we'll take our efforts a step further. We will rehabilitate offenders and assist them with their reentry back into society. My budget includes funding for a 400 bed, community-based treatment center. That's 300 prison beds and 400 treatment beds. That's a net gain of 700 beds that will not only help relieve the pressure in our prisons, but change lives for the better.

One of the best ways to keep from having to build prisons is to ensure that our children are loved and cared for so they don't get into trouble in the first place. From the very start of my administration, I have focused on families and children, declaring this the "Generation of the Child."

We have worked to make sure that our children get the immunizations they need to live healthy lives. In fact, we have been recognized by the Centers for Disease Control for having the largest increase in the country in our childhood immunization rate. We have also improved access to health care for many children. Nearly 70,000 children have health care today who were not covered seven years ago.

One of our greatest achievements has been to create a Culture of Caring. We have started an ongoing dialogue between parents and teachers, lawmakers and community leaders, all in an effort to increase awareness, understanding, and cooperation on the issues that most affect our children and families. One of the great advocates has been our First Lady. Patricia has been tireless in working for Idaho families and Idaho is fortunate to have her.

Our efforts have matured over the course of seven years. We have accomplished much, but there is more to do. To continue our emphasis on families and children, I propose creating the Office for Families and Children within the Executive Office of the Governor. This effort will formalize Idaho's commitment to promoting healthy and well-educated children, and strengthening families.

With a small investment, the Office for Families and Children will facilitate the exchange of information and ideas to help strengthen our communities and protect our young people. It will also help streamline government services designed to reinforce the family unit. This is a positive step forward. Idaho families and children deserve our continued support.

In the area of economic development, we have been aggressive at expanding opportunities for Idaho businesses. We have a great success story in our continued efforts to sell Idaho goods and services around the world. Our trade missions to Asia and Mexico have opened doors for Idaho exports and built relationships that are already producing results. We estimate that our international exports from 2005 will exceed \$3 billion. This is big business for Idaho companies and agriculture.

Central to our ongoing success are the Idaho trade offices located in key international markets. This year, we can further

enhance Idaho trade by expanding our presence in Asia. First, I propose reestablishing our part-time trade office in Japan. With increasing opportunities in China, I propose making our Shanghai trade office full-time. Idaho is open for business, here and around the world.

Science and technology continues to be one of the driving forces behind the strength of Idaho's economy. I am recommending the full request of the Science and Technology Advisory Council. This includes funding for our TechConnect offices throughout the state; grant money for Idaho companies competing for federal research dollars, and increased funding for our universities for research and technology transfer.

This year, we must also continue to invest in rural Idaho through my Rural Initiative. Many of the new jobs in our smaller communities are the direct result of this initiative. I am proposing an additional \$700,000 investment. With your support, we'll bring funding for the Rural Initiative to \$3.5 million, of which \$500,000 is earmarked for science and technology projects. The rural initiative has benefited more than 60 communities by building infrastructure and creating jobs. This is part of the reason that we're leading the nation in economic recovery. Let's continue this tremendous story of success.

Another great success story is what's happening in the area of species conservation. Our salmon and steelhead are returning to Idaho rivers. The wolf management plan you approved three years ago is now in place. Last week I signed an agreement with the Secretary of Interior that gives Idaho the authority for the day-to-day management of wolves. This is the first such agreement between the Secretary and any governor, and it gives the state management of a reintroduced species before delisting. Although it was an historic agreement, we won't stop until we make history by delisting wolves in Idaho.

By the end of the year, I also expect that the Yellowstone Grizzly Bear will be removed from protection under the Endangered Species Act in portions of Idaho. Grizzly bears may be here to stay, but thanks to the state plan that you helped develop, federal management of this species is on its way out.

There has been a lot of discussion about local property taxes. I recognize the problem, nobody likes property taxes. But the state does NOT assess, collect, or spend a single penny of property taxes.

As a former Mayor, I understand the primary role that local governments play in public health, fire protection, law enforcement, road construction, and economic development. My budget continues the state's historical support of local government.

My budget includes nearly \$142 million from sales tax for cities and counties. We're also giving almost \$29 million from the liquor tax to cities and counties. Consider the \$9.6 million from the cigarette tax that goes to cities and counties, the \$18.2 million for Catastrophic Healthcare that goes to the counties, and

the \$9.7 million that goes to fund the Health Districts serving all 44 counties. My budget also includes more than \$112 million in other direct property tax relief to local government. In all we send over \$325 million a year to local governments to help fund local services, which otherwise would come from property taxes. The state is already a strong partner in its support of local government.

If citizens believe they are paying too much in property taxes, that debate belongs in the county courthouses and the city halls.

Having said that, I recognize that property taxes are an increasing burden. I have a genuine concern in those areas of the state with rising property values, that seniors, those on fixed incomes, and the disabled might be priced out of their homes. It should never be the case that growing property taxes force a citizen from their home. That's why we implemented the Property Tax Circuit Breaker, to help those eligible pay their property taxes. Twenty-six thousand households currently benefit. I propose helping an additional 10,000 households, that's households, not individuals, by increasing the circuit breaker from \$15.4 million to \$22.7 million. With this increase we will help 36,000 families pay their property taxes and stay in their homes.

Expanding the circuit breaker will help, but we're also going to put in place a safety net to break the fall for those who have no other options. I'm proposing that we give seniors and the disabled, who meet the criteria of the Circuit Breaker, the added ability to defer their property taxes. The state will pay the deferred taxes as long as it's needed to keep them in their home. As the state is repaid, the money will go into a revolving fund, helping seniors and the disabled in perpetuity.

Now while we're talking about property, I want to comment on another problem that could affect property owners and local governments. Last year the United States Supreme Court ruled that governments can take private property from one person and give it to another for private economic activity. This decision erodes private property rights. This is unacceptable. The Court's opinion forces us to ask the question, "Will we allow government to take your home or property and give it to private developers?" I have a bill that says, not in Idaho, not now, and not ever.

We value private property. We also have some public property in Idaho that is absolutely incredible. Idaho's 30 state parks have been called the jewels of the gem state. These parks are important to tourism, Idaho's third largest and fastest growing industry. Tourism provides 47,000 jobs and has a \$2.1 billion impact to our economy. Part of that comes from the 2.5 million annual visitors to Idaho state parks.

Any investment in our state parks is an investment that will pay big dividends. It's not just money we're talking about, it's memories - memories that will last for generations. So, I am proposing that we make a once-in-a-generation investment in our state park system.

If I say names like Yellowstone or Yosemite, it evokes great images. So do names like Heyburn and Harriman. These are special places, but parks like these don't just happen. It takes vision and commitment.

We've identified six parks across the state that are in need of updating and repair. In many instances, if we don't act, we will not only lose historic buildings, but we'll miss an opportunity to save these parks for the next generation.

In the north, on the shores of beautiful Lake Couer d'Alene, Heyburn State Park, our first state park, is in danger of becoming merely a memory. It's time to renovate and reopen the lodge and other facilities so that Heyburn State Park is around for another 100 years.

Much like Heyburn, Harriman State Park, located along the Henry's Fork of the Snake River in Fremont County, also needs serious repair. I propose building a visitor center and renovating the ranch-style structures to make this park a destination once again.

In Valley County, Ponderosa State Park sits on some of the most beautiful land in Idaho. We will build a rustic lodge and family cabins, and reopen public access to the beach near the old Lakeview Village.

Eagle Island State Park along the Boise River, with our rapid population growth, will become as valuable to the Treasure Valley as Central Park is to New York City. But unless we make the investment, Eagle Island's potential will not be realized. My proposal adds needed improvements, campgrounds, equestrian trails, and more greenbelt along the Boise River.

In the Hagerman Valley, at the Billingsley Creek Unit of Thousand Springs State Park, we intend to remodel the popular Garden Center, build a small outdoor concert amphitheater, and expand the equestrian arena.

Near the Idaho-Utah border, Castle Rocks State Park is quickly becoming one of our nation's rock climbing meccas. However, the facilities are inadequate. We need more campgrounds, and there's need to remodel the traditional Ranch House that welcomes visitors.

Finally, and perhaps most significantly, we will build a new State Park in Eastern Idaho. This corner of our state is experiencing explosive population growth and the fact is that there is significant demand for citizens to have a place to spend time with their families and enjoy the beauty of the State of Idaho.

I spend a lot of time in our state parks. I love sitting around a campfire and I enjoy seeing so many families with their children doing the very same thing. When we take our children there, they make memories that last a lifetime. What's unfortunate is that we probably won't see these same children and their families around the Statehouse because they're not organized and they don't know how to lobby. But let me assure you, on their behalf,

that these repairs and improvements are important.

With this one-time money, let's make a once-in-a-generation investment in a world class park system. This is our responsibility, just as the leaders of previous generations had the vision to create the State Park System. They didn't put it off for someone else to do and neither should we.

It was this kind of once-in-a-generation investment that brought us this wonderful State Capitol. The year 2005 marked the centennial of the beginning of the construction on this magnificent structure. The Statehouse is steeped in history and tradition. But we only have this building because our forefathers had the vision 100 years ago to build a house that was equal to the majesty of our people.

With each passing year, the Statehouse falls further into disrepair. Five years ago, we committed to restoring the Capitol. We delayed the project because of the recession. One year ago, I recommended that we begin the restoration of our century-old State Capitol.

Well, here we are twelve months later. The building is still unprotected from fires. We lack emergency exits, and the out-of-date elevators are still unable to accommodate a gurney in the event of a medical emergency. Nothing has changed regarding the need for this restoration project, nothing except this building is one year older and construction inflation costs have gone up \$5 million.

To your credit, we have identified a revenue source to now pay for this restoration. With that revenue stream in place, no more delay. It is my intention, that on September 1st of this year, we will vacate the building and begin the renovation.

Delay can also mean increased costs with highway construction. That's why last year we approved bonding for 30 years of new highway projects all across Idaho. This is one of the reasons that people called last year's session one of the most progressive and significant sessions in the state's history. We are taking advantage of today's dollars to build a generation of highways, but it's not getting any cheaper. We have already issued the contract to underwrite the bonds, and soon, we will have the contract in place to manage the projects. Today, I ask you to approve the funding necessary to begin construction.

If anyone questions the need or the support for this, just go ask the citizens. We're going to save lives and increase commerce. We're ready to go; let's get rolling.

As we commence this second session of the 58th Idaho Legislature, I want to share a part of what I experienced over the past few years. We live in freedom and practice our form of democracy because men and women serve our country in the armed forces. Many Idahoans are currently serving in Afghanistan, Iraq, and other places around the world.

Our troops are in the middle of history, fighting a war against terrorism and bringing freedom to a people who have

suffered the worst kind of oppression. Members of the 116th Cavalry Brigade, the 183rd Aviation Battalion, the 124th Wing, the 189th Air Lift Squadron, the 266th Range Squadron, the Gunfighters of Mountain Home AFB, US Marine Reservists from Charlie Company, and many other active duty and reserve soldiers, sailors, airmen and marines are part of helping to lay the foundation of freedom in the Middle East. As democracy in the Middle East takes form, Idahoans are playing a vital role and we can be proud of their service and sacrifice.

Through all of this, Idaho has deployed a greater percentage of our National Guard Forces than any other state in the union. In the height of our deployments, Hurricane Katrina hit the Gulf Coast. In the midst of the largest deployment in Idaho National Guard history, I sent more than 400 soldiers and airmen to Louisiana to help in the relief effort. Some time later, I spoke with the chairman of the US Senate Armed Services Committee, Senator John Warner. He asked how Idaho was able to still send troops to Louisiana with our record deployment. My answer to him was that when fellow Americans call for help, Idahoans will always answer the call.

As Governor, I feel responsible for the well-being of our citizens. As Commander-in-Chief of the Idaho National Guard, I feel a special responsibility for all of our service members and for their families. With each deployment, I have been there when they leave. I've been there when they return. I've been there when they haven't returned. I have never been so proud to be from Idaho. I have also never been so profoundly affected. We must never forget those who have given their lives in the service of our country. We are grateful for those who serve and safely return.

One of my honors and duties as Commander-in-Chief is to present the Purple Heart to those Idahoans who have been wounded in battle. It is an honor with deep meaning and great tradition that dates to the Revolutionary War. It's as sacred a medal as this nation has.

I've presented the Purple Heart in a variety of settings; several at Walter Reed Army Hospital, in a city park, and in my office. There are currently four Purple Hearts that have not yet been presented. We were scheduled to present these awards across the state. But I feel that this is the place this is the time before all three branches of government and before the citizens of Idaho.

These four men represent all of our soldiers, sailors, airmen and marines who have so gallantly served. I now call upon our Adjutant General, Major General Lafrenz, and Command Sergeant-Major Lewis to assist me in the presentation of the Purple Heart to: Staff Sergeant Thomas Butler, Specialist Jason Brasse, Specialist Jesse Ingram, and Specialist Kenneth Parham. Gentlemen, would you please come forward.

Staff Sergeant Butler is assigned to Company A, 2nd Battalion 116th Cavalry Brigade, in Emmett. On June 26th, 2005, while conducting combat operations near Kirkuk, Iraq, Sergeant Butler was seriously wounded by an Improvised Explosive Device. He

took shrapnel and recieved serious injuries to his left arm and leg, and abdomen. Sergeant Butler came home to his wife, Kimberly and their three children Amanda, Jacob, and Jared.

Specialist Jason Braase is also assigned to Company A, 2nd Battalion 116th Cavalry Brigade, in Emmett. He was a part of the same combat operation near Kirkuk, Iraq. When the IED exploded, he was also seriously wounded, taking shrapnel in his right leg. I saw Jason and his wife Autumn at Walter Reed Army Hospital on more than one occasion.

Specialist Jesse Ingram is assigned to Detachment 2, Company B, 116th Engineer Battalion, in Grangeville. On the 14th of February, 2005, while conducting a patrol near Hawija, Iraq, his patrol took enemy fire. He received multiple shrapnel wounds to his face, neck, chest and right hand, for which he has already received one Purple Heart. After he was wounded, he returned to duty. On the 28th of April, 2005, while he was conducting another patrol in Iraq, his vehicle was destroyed by an Improvised Explosive Device. He was again seriously wounded, taking shrapnel in both arms and both legs. He's here today to receive a second purple heart.

Specialist Kenneth Parham is assigned to Detachment 1, Company B, 116th Engineer Battalion, in Orofino. On the 21st of April, 2005, his armored Humvee took a direct hit from an IED. He sustained multiple serious injuries including fractured ribs, a collapsed lung, and shrapnel wounds to his hip and shin from the explosion. This was his third incident. He came home to his wife Cheryl and their four children, Michael, Kasia, Stacey, and Kenneth.

Command-Sergeant Major, post the orders.

After all that has been said tonight about the state of our state, I hope these soldiers leave no doubt, Idaho is in good hands. While we debate public policy and budgets, figuratively fighting for the values of our constituents, let us never forget that our fellow citizens are literally fighting for the values of freedom and democracy around the world.

We have the privilege of practicing democracy. Let us cherish that privilege and work together. We also have some extraordinary opportunities. I expect that you will fully consider and debate my proposals. I welcome an open and thorough discussion.

I look forward to working with you to make our hopes for Idaho a reality. God bless you in your work. God bless Idaho. God bless America.

The Speaker thanked Governor Kempthorne.

The committee appointed to wait upon the Governor came forward and escorted him to the gallery.

Chief Justice, Gerald Schroeder, was introduced by Speaker Newcomb and, spoke briefly to the Members of the Joint Session.

The Speaker thanked Chief Justice Schroeder.

The committee appointed to wait upon the Governor came forward and escorted him to his office and was, on its return, thanked and discharged by the Speaker.

The committee appointed to wait upon the Supreme Court Justices and the Appellate Court Judges came forward and escorted them from the House Chamber and was, on its return, thanked and discharged by the Speaker.

The committee appointed to wait upon the Elected Officials came forward and escorted them from the House Chamber and was, on its return, thanked and discharged by the Speaker.

Mr. Denney moved that the Governor's State of the State Message and Budget Address be printed in both the House and Senate Journals. Seconded by Mr. Sayler.

The question being, "Shall the motion carry?"

Whereupon the Speaker declared the motion carried by voice vote and ordered the Governor's State of the State Message and Budget Address printed in both the House and Senate Journals.

Mr. Denney moved that the Joint Session be dissolved. Seconded by Mr. Sayler. Motion carried.

The Senate returned to its Chamber.

There being no objection, the House advanced to the Sixteenth Order of Business.

Adjournment

Mr. Moyle moved that the House adjourn until 11:30 a.m., Tuesday, January 10, 2006. Seconded by Mr. Sayler. Motion carried.

Whereupon the Speaker declared the House adjourned at 8:48 p.m.

BRUCE NEWCOMB, Speaker

ATTEST:

PAMM JUKER, Chief Clerk